

Regional Greenhouse Gas Initiative (RGGI)

Massachusetts SIP Steering
Committee Meeting
October 7, 2005

Regional Greenhouse Gas Initiative

- April of 2003
 - RGGI was initiated by an invite letter from Governor Pataki to the NE Regional Governors.
- September of 2003
 - Staff Working Group(SWG) was established and tasked with designing a cap and trade system to control CO₂ emissions from power plants.

Regional Greenhouse Gas Initiative

- States involved:
 - Connecticut
 - Delaware
 - Maine
 - Massachusetts
 - New Hampshire
 - New Jersey
 - New York
 - Rhode Island
 - Vermont

Regional Greenhouse Gas Initiative Stakeholder Input

- April 2004 a Stakeholder Group was established.
- April 2004 - September 2005 the stakeholder group has met approximately every other month.
- The RGGI Website was created to keep all interested parties informed on the RGGI process and to share stakeholder comments.

Regional Greenhouse Gas Initiative (RGGI)

- September 2003 – Present - The Staff Working Group has worked to design the program elements for the Cap and Trade Program.

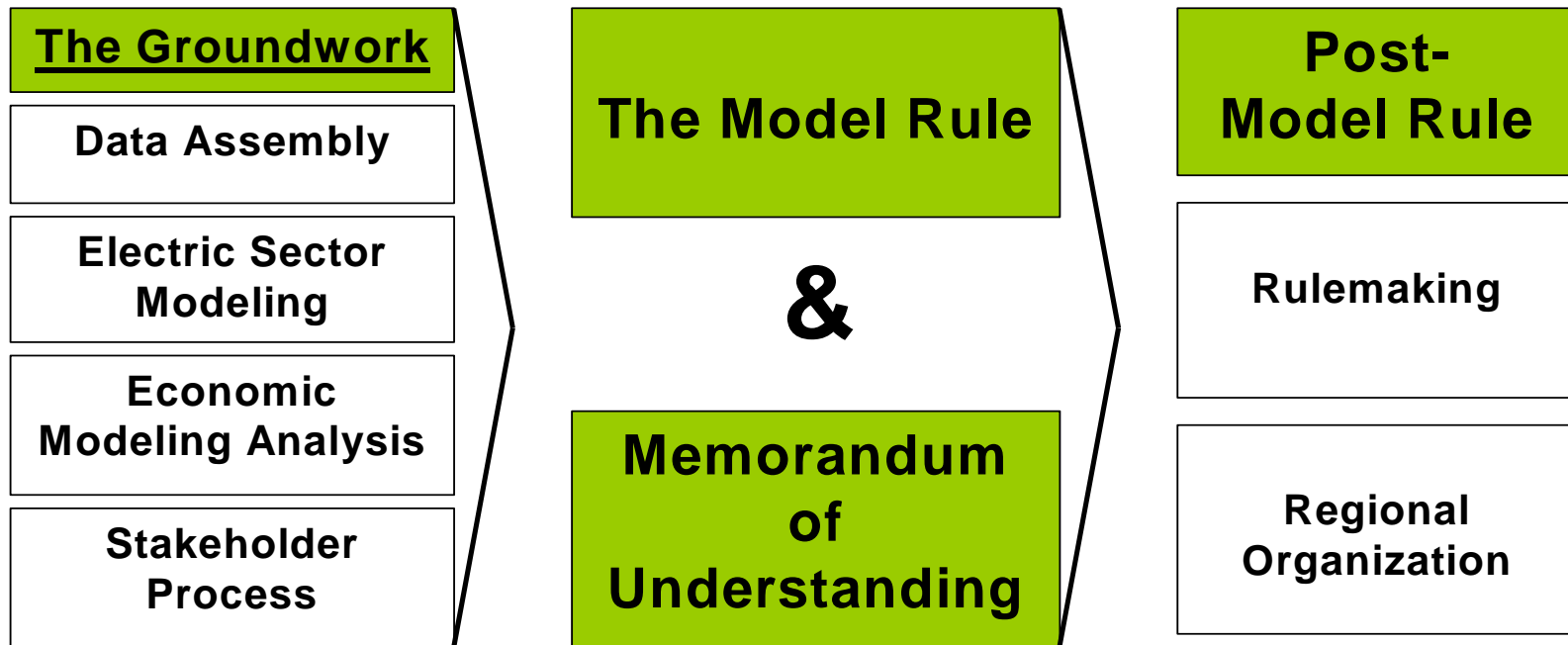
Regional Greenhouse Gas Initiative (RGGI)

- July 2005 The Staff Working Group made a proposal to the Agency Heads regarding the basic program elements for RGGI.
- July 2005 The Agency Heads met to discuss the SWG Proposal.

Regional Greenhouse Gas Initiative (RGGI)

- July -August 2005 The Staff Working Group modified the basic program elements for RGGI based on Agency Head input.
- On August 24, 2005 the Staff Working Group Package Proposal was released.
- September 21, 2005 The Staff Working Group Package Proposal and supporting modeling was presented to stakeholders.

Key Program Components



SWG Proposal

- Start Date of 2009.
 - Two-Phase Cap—stabilization at approximately 150 million tons through 2015; 10% reduction by 2020.
 - Built-in Review of Program in 2015 to Assess:
 - Program progress in meeting emissions reductions goal
 - Price impacts
 - Numerical limits on offsets
 - Imports and associated leakage
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SWG Proposal

- **State Allowance Budgets** as agreed among states after considering various metrics.
 - **Offsets**
 - Initial Offset Types:
 - landfill gas;
 - sulfur hexafluoride gas from electricity T&D;
 - natural gas/home heating oil/propane end-use efficiency; and
 - afforestation.
 - Additional offset types to be developed
 - CDM & EU allowances above sustained allowance price
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SWG Proposal

- Allowance Allocations:
 - 20% “Public Benefit” Allocation
 - 5% Strategic Carbon Fund to achieve additional reductions
 - Remaining 75% left to states
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SWG Proposal

- On Emissions Leakage:
 - States will implement strategic carbon fund to offset emissions leakage;
 - States will monitor imports and attempt to quantify leakage.
 - As part of 2015 review, states will consider the significance of any leakage and whether additional measures to address emissions leakage should be implemented.
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SWG Proposal

- Other Program Components:
 - 3-year Compliance Period
 - Allow Early Reduction Credits
 - Allow Banking
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RGGI Ongoing Activities – Current Status

- The RGGI Agency Heads met in Providence RI September 28 & 29, 2005
 - The meeting was productive. Still in the working stages, with no final agreement imminent.
- In response to stakeholder input and comment the SWG is conducting additional modeling.
- An Agency Head Conference call is scheduled for later in the month.

RGGI

- For more information visit the RGGI Website:
- <http://rggi.org>